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### Paul Ryan budget: Challenge to White House, DOA in Senate

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Paul Ryan rolled out the latest version of his vision for America Tuesday, laying out a plan to balance the budget within a decade by slashing Obamacare, Medicaid and Medicare while accepting the higher income tax rates embedded in January's "fiscal cliff" deal.

The 10-year fiscal blueprint, which relies in part on an implausible repeal of President [Barack Obama](#)'s 2010 health care overhaul, projects savings of \$4.63 trillion over 10 years, yielding a surplus of \$7 billion by fiscal 2023.

The Wisconsin Republican's budget is dead on arrival in the Democratic-led Senate, but it is an enticing political weapon for both sides because it creates an agenda for the GOP that is so clearly at odds with that of the president and his allies in Congress.

(PHOTOS: [Paul Ryan through the years](#))

Its push to redefine entitlement programs and keep tight caps on annual spending ensure that it will drive both the policy debate in Washington and the parties' early efforts to draw campaign-trail contrasts in advance of the 2014 midterm election.

Ryan called it "an invitation" to the White House and Senate Democrats to discuss options for a balanced budget.

"We believe that we owe the American people a balanced budget," he said. Democrats like the clearly poll-tested term "balance," too — rather than bringing the spending and revenue in line, they want to take what they call a "balanced approach" to reducing the deficit that includes tax increases and budget cuts. Ryan released his plan just hours before Obama was set to meet on Capitol Hill with Senate Democrats, who are on the verge of releasing a budget proposal that would raise \$1 trillion in revenue over the next decade.

(Also on POLITICO: [Ryan budget targets Obamacare, oil drilling](#))

That's better, they believe, than slashing spending as the only means for reducing annual deficits.

"Our opponents will shout austerity, but let's put this in perspective," [Ryan](#) wrote in an op-ed posted to The Wall Street Journal's website Monday night. "On our current path, we'll spend \$46 trillion over the next 10 years. Under our proposal, we'll spend \$41 trillion. On

the current path, spending will increase by 5 percent each year. Under our proposal, it will increase by 3.4 percent.”

The White House balked at the plan.

"By choosing not to ask for a single dime of deficit reduction from closing taxloopholes for the wealthy and well-connected, this budget identifies deep cuts to investments like education and research – investments critical to creating jobs and growing the middle class," White House spokesman Jay Carney said Tuesday. "And to save money, this budget would turn Medicare into a voucher program — undercutting the guaranteed benefits that seniors have earned and forcing them to pay thousands more out of their own pockets. We've tried this top-down approach before. The president still believes it is the wrong course for America."

(Also on [POLITICO: GOP senators stick by their leaders](#))

Democrats say they can't wait to hang copies of the Ryan budget around the necks of Republican candidates on the campaign trail.

"To govern is to choose, and the Republican budget is the wrong choice for our country. The GOP is dead set on balancing the budget on the backs of working families, seniors and kids' education — but the American people were given a clear choice during the last election cycle, and they rejected that approach," Maryland Rep. Chris Van Hollen, the top Democrat on the Budget Committee said in a statement released just after the Ryan budget was made public.

In a Monday conference call, Guy Cecil, executive director of the Democratic Senatorial Campaign Committee, said his organization would go after Republicans "on the air, on the ground, in the mail and online" over the budget.

(Also on [POLITICO: Priebus touts Ryan's 'lemon law'](#))

But he was careful to separate the Republican policies from their author, a GOP "Young Gun" whom Democrats have had difficulty demonizing despite no lack of effort.

"They continue to support policies that are out of touch with most Americans," Cecil said of Republicans who vote for the House budget.

Ultimately, the policy aims of this version – a non-binding resolution — aren't much different from the budgets the Wisconsin Republican has drafted in each of the past two years as chairman of the House Budget Committee. If anything, they reaffirm his commitment to those priorities after he blunted the edges of his own ideas on the trail during his turn as the 2012 GOP vice presidential nominee last fall.

The budget would take its heaviest toll on entitlements that support the poor, including Medicaid and food stamps, while holding Social Security — a political sacred cow — harmless.

It revives Ryan's controversial proposal to convert Medicare into a system of limited subsidies to help seniors buy private insurance or traditional Medicare coverage, and

again reaps more than \$700 billion in Medicare savings from Obamacare that he criticized on the campaign trail as Romney's running mate. He would also expand means-testing of Medicare premiums for wealthy seniors, an idea he notes has been endorsed by Obama in the past.

But Ryan closes the deficit much faster this year by coupling his own aggressive efforts to curb spending — wringing nearly \$2.7 trillion over 10 years out of Obamacare, Medicare and Medicaid combined — with a tacit blessing of the revenue created from new tax rates on top earners that were championed by Obama.

Despite Republican resistance to Obama's tax increase on top earners as part of the fiscal cliff deal earlier this year, Ryan's budget takes advantage of that additional revenue to get to balance over the next decade. Instead of reversing those tax hikes, Ryan's budget calls for a comprehensive reform of the Tax Code that would set top corporate and individual income tax rates at 25 percent — a major cut for many individuals and businesses that Republicans say would be offset by an increase in the number of people and companies who pay taxes. In sum, Ryan's budget claims no net effect on taxes.

"We're not going to re-fight the past because we know that's behind us," Ryan said of accepting the fiscal cliff's \$600 billion in new revenue. But he doesn't apply that logic to Obamacare, which he and his fellow Republicans do want to re-litigate. Fighting to repeal it was "never a doubt" in Republican minds, he said Tuesday.

Ryan is also sticking with his plan to change Medicaid into block grants to the states, saving \$756 billion over 10 years. He'd change the food stamp program, the Supplemental Nutrition Assistance Program, to block grants as well.

And in a seemingly direct message to the Republican governors who have accepted Obamacare's Medicaid expansion money — some of whom could become his rivals for the White House in 2016 — Ryan makes a point of repealing the health care law's Medicaid expansion.

That would come naturally with his repeal of the law, but Ryan singles out the program in his budget document, saying the expansion would have "serious budgetary consequences for both federal and state governments." He also notes that the rich federal funds that have tempted some of the governors would be scaled back after 2016 anyway.

Ryan would also save an extra \$132 billion in his new budget by requiring federal workers to contribute more to their retirement, an effort to make civil service pensions less expensive.

Another Ryan wrinkle: Rather than showing the figure for the national debt under his plan, he outlines the "debt held by the public," a much smaller figure that starts out at under \$13 trillion in fiscal 2014. The total national debt, which includes intergovernmental IOUs, is closer to \$17 trillion right now.

But the numbers, which will never be realized, are meaningless compared to the political power of a budget document that provides such a stark contrast between the visions of the two parties.

Republicans say the Democrats will pay a political price for failing to rein in entitlements or present a plan for balancing the budget in the foreseeable future.

The White House has been absent from the playing field, blowing through its February deadline to submit a budget to Congress, and Republicans believe they'll be able to score points on the campaign trail from pointing out that neither President Barack Obama nor his Democratic allies in the Senate have a plan to balance the budget.

White House spokesman Jay Carney said Monday that the president isn't interested in deficit reduction for its own sake.

"I think this is one of the things that — because I suppose that your question gets at this — is that the president has always believed that deficit reduction is not a goal unto itself," Carney said. "The whole purpose of deficit reduction should be part of an overall policy objective of strengthening the economy, having it grow faster, having it create more and better jobs for the middle class."

Still, for the first time since he took over the chairmanship of the House Budget Committee, Ryan will have competition in the marketplace for budget ideas: Senate Democrats plan to vote on a fiscal blueprint for the first time in four years in the coming weeks. Democrats say their plan will take a more "balanced" approach — one that relies on tax increases that are anathema to GOP orthodoxy — and boosts spending for some domestic priorities.

Democrats say Ryan's budget is bad news for House Republicans who are looking at Senate bids this year. Polls consistently show that Americans don't like Ryan's idea to convert Medicare into a system in which seniors get a limited subsidy to purchase private health insurance.

Moreover, a new McClatchy-Marist poll of registered voters shows that by a 57 percent to 36 percent margin, voters would rather raise taxes than cut Medicare spending.

But after years of defending similar budgets against Democratic attacks, Republicans can now train some fire across the aisle. Senate Budget Committee Chairwoman Patty Murray (D-Wash.) will release her budget this week, giving Republicans an opportunity to rip the Democrats' tax hikes. She's expected to ask for \$1 trillion in new revenues.

That shouldn't be surprising: Congressional budgets are typically just a mess of numbers with little policy meat on the bone. But Ryan, since he first became the GOP's chief budget writer, has put out detailed tracts on which policy assumptions undergird his bottom line.

The proposal released Tuesday in advance of a Wednesday committee meeting on the budget totals 91 pages. There are a few new wrinkles, including a placeholder instruction for eight House committees to come up with \$1 billion apiece for a filibuster-proof, sequester-replacing "reconciliation" bill that would only be launched in the extremely unlikely event that the House and Senate can come together on a joint budget.

Republicans say they'll be able to hammer Democrats even without the Senate budget

Republicans say they will be able to hammer Democrats even without the Senate budget getting into the nitty-gritty details. They've already set their sights on a series of Democratic senators who are seeking reelection in 2014 in states that Mitt Romney won in the 2012 presidential election.

"Democratic incumbents in Louisiana, Arkansas, Alaska, North Carolina, Montana and South Dakota are going to have a tough time explaining why their first budget in four years raises taxes, increases spending and fails to stabilize Medicare," National Republican Senatorial Committee spokesman Brad Dayspring said. "The fact is that the Democratic budget will hurt folks across the country while helping the powerful in Washington by taking even more of the people's money for Congress to waste.

While Democrats say that the policies embedded in Ryan's budget last year helped them win the White House and pick up seats in the Senate and House, it's hard to say what effect they really had on the outcome of any of the elections. The first version of Ryan's budget — known then as the "Roadmap" — was used by Democrats against Republicans in 2010, the year the GOP swept back into power in the House. And Democrats, who netted two seats in the Senate, can easily chalk up the losses of Indiana Republican Richard Mourdock and Missouri Republican Todd Akin to insensitive remarks about rape that sunk their campaigns.

It's clear that Ryan and his fellow House Republicans don't fear the backlash that Democrats predict. After muting his own positions as Mitt Romney's running mate in the fall of 2012, he's back to full volume.

And one of the clearest signs of that is Ryan's decision to keep Obamacare's Medicare cuts, as if the campaign had never happened.

Ryan has always used the Medicare cuts in his past budgets, even as he called for a repeal of the rest of Obamacare. But once he hit the campaign trail with Romney, the two used the \$716 billion in savings as a weapon against Obama, accusing him of raiding the seniors' program to pay for Obamacare.

"It funnels \$716 billion out of Medicare to pay for a new entitlement we didn't even ask for," Ryan said at a campaign speech to AARP in September.

Now that he's back in the House, Ryan has gone back to his old line about the cuts: He'll keep them, but they should be used to extend the life of the Medicare trust fund, not to pay for the expansion of coverage under Obamacare.

His decision highlights a quiet truth about the cuts: Ryan's budget aides don't actually think they're that terrible. Most of the savings come from slower growth in payments to providers and private Medicare Advantage plans.

"Many of the Medicare cuts in the Affordable Care Act are similar to what was proposed by President Bush toward the end of his term," said Mark Goldwein, senior policy director at the Committee for a Responsible Federal Budget. Even though Republicans don't think the cuts will solve all of Medicare's fiscal problems, Goldwein said, "there's nothing particularly objectionable about them from a Republican perspective."

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